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Final Fiscal Note

Drafting Number: LLS 23-0419 Date: July 11, 2023
Prime Sponsors: Sen. Zenzinger; Kirkmeyer Bill Status: Signed into Law
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Bill Topic: PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE GRANTS

- Summary of Fiscal Impact:
State Revenue (checkbox)
State Expenditure (checkbox)
State Transfer (checkbox)
TABOR Refund (checkbox)
School District (checkbox)
Statutory Public Entity (checkbox)

Budget package bill. The bill authorizes unspent money for air quality improvements to instead be used for school capital construction assistance grants, repeals a scheduled transfer from the Marijuana Tax Cash Fund and transfers money from other sources to the Public School Capital Construction Assistance Fund, and makes other changes to the BEST Program. After accounting for these adjustments, the bill decreases state expenditures in FY 2023-24.

Appropriation Summary: For FY 2023-24, the bill requires and includes a reduction in appropriations of \$294,780 to the Colorado Department of Education.

Fiscal Note Status: This fiscal note reflects the enacted bill. It was recommended by the Joint Budget Committee as part of its FY 2023-24 budget package.

Table 1
State Fiscal Impacts Under SB 23-220

Table with 4 columns: Category, Description, Current Year FY 2022-23, Budget Year FY 2023-24, Out Year FY 2024-25. Rows include Revenue, Expenditures (Public School Cap. Constr. Fund, Total Expenditures), Transfers / Diversions (State Education Fund, Public School Fund, Public School Cap. Constr. Fund, Marijuana Tax Cash Fund, Net Transfers/Diversions), and Other Budget Impacts.

Summary of Legislation

The bill makes the following changes regarding state funding for the public school capital construction under the Building Excellent Schools Today (BEST) Program:

- transfers \$15 million from the State Education Fund and diverts \$10 million in royalties from the Public School Fund to the Public School Capital Construction Assistance Fund;
- repeals a transfer of \$30 million from the Marijuana Tax Cash Fund to the Public School Capital Construction Assistance Fund;
- allows funding in the Public School Capital Construction Assistance Fund that was previously authorized for use for air quality improvement grants but never spent to be used for regular BEST program grants;
- requires the Public School Capital Construction Assistance Board to allocate \$49.7 million of the total appropriation for BEST cash grants for supplemental grants to address supply chain/inflation for previously approved projects and outlines how this money can be given out in different rounds;
- updates some of the financial criteria for the board to consider when determining matching money that must be provided by an applicant seeking financial assistance for a public school capital construction project; and
- reduces the appropriation for BEST cash grants by \$294,780.

State Transfers and Diversions

For the current FY 2022-23, the bill transfers \$15 million from the State Education Fund and diverts \$10 million in royalties from the Public School Fund to the Public School Capital Construction Assistance Fund. It also repeals a \$30 million transfer from the Marijuana Tax Cash Fund to the assistance fund that was schedule to occur on June 1, 2023.

State Expenditures

On net, the bill reduces expenditures in the Colorado Department of Education by about \$295,000 in FY 2023-24. This change represents the net reduction in grant spending for the BEST program on public school capital construction after accounting for:

- a reduction of \$30,000,000 from the repealed transfer described above;
- an increase of \$25,000,000 from the new transfers and diversions describe above; and
- an increase of \$4,705,220 from authorizing previously unspent funds to be used for grants.

The bill also specifies that \$49.7 million from the total BEST program appropriation for FY 2023-24 must be used for supplemental grants.

School Districts

The bill reduces the amount of capital construction grant funding available to school districts participating in the BEST program by about \$295,000. It also places new requirements concerning supplemental grants and financial criteria for applicants which may shift how BEST program funding is allocated among grant recipients.

Effective Date

The bill was signed into law by the Governor and took effect on May 12, 2023.

State Appropriations

For FY 2023-24, the bill requires and includes a reduction in appropriations to the Colorado Department of Education of \$294,780 from the Public School Capital Construction Assistance Fund.

State and Local Government Contacts

Education

Joint Budget Committee Staff